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DATE: March 16, 1987

NOTE TO: [   ]

SUBJECT: Annuity Calculations

Dave,

    Again let me apologize for not getting back to you re subject. I was
waiting for CD and they were waiting for me. Clearly without your call
we would have never gotten together on this!!!
    However hopefully what follows will recoup some of my lost grace!!

    CD "supports" idea of OF paying annuities which OP/RAD will calculate
using same "system/application/algorithms" which OF/CD/RetirePay currently
uses for this purpose -- with following caveat:

        "OP/RAD must establish a review/audit function to ensure that all
        calculations produced by "system" are based on valid and complete
        input by the OP technicians."

    In discussing this with CD, I was told that OP does in fact have
all the data necessary to make annuity calculations but that all the data
is not consistently used in each case. Whether the data is or isn't used
seems to be more a result of the experience of the "OP annuity technician"
rather than anything else. As an example, apparently there are occasions when
an inexperienced RAD technician calculates annuity for an employee who was
around during the time that Nixon held up certain salaries; the technician
forgets that the salary information they (OP tech) have does not reflect the
recalculation of salary which the court ordered for those cases, and thus
mis-calculates the annuity. Other examples are those employees who have prior 57service
which OP technicians have missed on
occasion - which were only picked up in OF's review based on SCD data.
Then too there's data in PERSIGN which by itself will lead a calculation
astray.

What came out of my discussions re above was a realization that in the past
OP has de facto turned to OF for quality control of OP technicians
calculations. That the few errors that are detected are those very unusual
cases which only an employee/technician who has been around and has been
doing this type of thing for quite a while would catch. And finally
that while OF still has a few of these oldtimers doing the retirement pay
process - OP does not..

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Which gets back to the caveat!

If OP can set up a review process which will ensure that someone reviews each case to ensure that all the data needed, was used to make the annuity calculation - then lets move to next step - OF merely pays based on the OP calculation.

What seems to be needed is for OP/RAD to set up something like OPM uses, ie., the adjudicator, in effect an auditor who reviews all the pre work and calculations the OPM techs make, compares that work against the complete record, ensures that all the documents support the annuity proposed - and then certifies those annuities for payment!!!

Can you, [   ] C/CD/OF and myself sit down and discuss details??? STAT

Again - sorry for "dropped ball"!!!!

[   ]
16 Mar 87

STAT

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Next 1 Page(s) In Document Denied